

Special Initiatives
Report No. 13

**A Short List of
Topics for
Prioritizing and
Defining Future
Work Related to
Health Sector Non-
Governmental
Organizations**

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Partnerships
for Health
Reform

PHR



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Partnerships
for Health
Reform

Mission

The Partnerships for Health Reform (PHR) Project seeks to improve people's health in low- and middle-income countries by supporting health sector reforms that ensure equitable access to efficient, sustainable, quality health care services. In partnership with local stakeholders, PHR promotes an integrated approach to health reform and builds capacity in the following key areas:

- ▲ *better informed and more participatory policy processes in health sector reform;*
- ▲ *more equitable and sustainable health financing systems;*
- ▲ *improved incentives within health systems to encourage agents to use and deliver efficient and quality health services; and*
- ▲ *enhanced organization and management of health care systems and institutions to support specific health sector reforms.*

PHR advances knowledge and methodologies to develop, implement, and monitor health reforms and their impact, and promotes the exchange of information on critical health reform issues.

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Abstract

This report provides a short list of topics and activities related to the role of non-governmental organizations (NGOs) in health sector reform and health service delivery. The Partnerships for Health Reform (PHR) developed this list to help prioritize the topics and types of activities that should be pursued under its Special Initiative on NGOs. The report builds on a literature review on NGO's role in the health sector, with emphasis on NGO sustainability, as well as on an informal internal expert meeting of PHR staff and consultants. The document is organized into three main sections. Section 1 states that purpose and overall objective for this Initiative and explains the use of the document. Section 2 identifies the strategic and operational parameters of the NGO Special Initiative and presents a typology as well as selection criteria for choosing appropriate topics and NGOs for each PHR activity. Section 3 briefly describes four NGO topics and suggests related activities that PHR could undertake.

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Acronyms

DFID	Department For International Development
GINGO	Government-Inspired NGOs
GONGO	Government-oriented NGOs
LDC	Less Developed Country
MSO	Membership Organizations
NGO	Non-governmental Organization
PHC	Primary Health Care
PHN	Population, Health and Nutrition
PHR	Partnerships For Health Reform Project
PIP	PVO/NGO Initiatives Project
PROFIT	Promoting Financial Investment and Transfers
PVO	Private Voluntary Organization
QUANGO	Quasi-autonomous NGO
SIDA	Swedish International Development Agency
USAID	United States Agency for International Development
VHAI	Voluntary Health Association Of India

Executive Summary

This report provides a short list of topics and activities related to the role of non-governmental organizations (NGO) in health sector reform and health service delivery. The Partnerships for Health Reform (PHR) developed this short list to help prioritize the topics and types of activities that should be pursued under its Special Initiative on NGOs. The report builds on a literature review on NGO's role in the health sector, with emphasis on NGO sustainability, as well as on an informal internal expert meeting of PHR staff and consultants. The document is organized into three main sections.

Section 1 states the purpose and overall objective for the Special Initiative and explains the use of the document. The objective of this Initiative is to help prepare governments and NGOs to shape their roles together in such a way that promotes health care reform and the efficiency, effectiveness, equity, and quality of health care services. The NGO Special Initiative was designed as part of PHR's effort to address the long-term requirements of health care reform that include establishing and preparing a viable private sector, including NGOs, to play an important and active role in health care delivery as governments downsize their own role.

Section 2 identifies the strategic and operational parameters of the NGO Special Initiative and presents a typology of NGOs as well as selection criteria for choosing appropriate NGOs for each PHR activity. Various types of NGOs are described in categories such as their international linkages, their ownership, their orientation to the "client," the types of activities they undertake, their links with grassroots groups and national or local governments, their business orientation, source of funds, type of service, scope of coverage, and beneficiaries. The categories are not mutually exclusive nor should they be considered a perfect typology, but rather a means to sort out the types of NGOs on which PHR work should focus.

Section 3 briefly describes for NGO topics and suggests related activities that PHR could undertake. The topics presented include: examining the relationship between NGOs and national governments; raising the level of sustained dissemination and communication among NGOs; defining the role of NGOs in health care service delivery; and examining the relationship between USAID and national NGOs. The section also presents a scorecard that can be used by PHR to prioritize specific activities within each topic.

This document led to the development of a Special Initiatives Activity Plan entitled "The Role of Non-Governmental Organizations in Health Sector Reform" that more explicitly describes the goals, objectives, activities and expected results of PHR's Special Initiative on NGOs.

1. Background and Objectives

1.1 Background

A component of the Partnerships for Health Reform (PHR) project is to provide technical assistance to the Global Bureau of the United States Agency for International Development (USAID) on a number of focus issues that represent strong USAID and international interest and where USAID has a comparative advantage. One of these was expected to be on sustainability of non-governmental organizations (NGO). In Year 1 of PHR, project staff conducted a review of innovative efforts indigenous NGOs working in the health sector are making to become sustainable and how donor agencies are contributing to these efforts (DeRoeck, 1996). This review involved a literature search as well as information interviews with staff of a number of USAID offices, cooperating agencies, other donors (e.g., the World Bank) and U.S. private voluntary organizations (PVO).

In March 1997, an informal internal expert meeting of approximately 12 staff and consultants was held on NGO sustainability to make suggestions for revisions to the draft review paper on NGO sustainability and for its use and to discuss PHR's potential role and activities for this Special Initiative. As a result of this meeting, some redirections in the NGO Special Initiative were suggested. Most importantly, it was suggested that other NGO topics might be more important and relevant than just the focus on NGO sustainability.

Based on these results, PHR decided to more systematically reexamine how it could inform and guide the debate on NGOs in the international community. **The purpose of this document is to provide a short list of topics and activities for the NGO Initiative that can be used by the informal expert group to prioritize the topics and types of activities that should be pursued by PHR. The document is not intended to be a finished piece on NGOs; clearly, discussion of any one topic could become a book in itself. Rather, it is intended as a mechanism to facilitate making choices about what activities should be included in the work plan for the NGO Special Initiative.**

It builds on results of the first informal expert meeting on the NGO Special Initiative, DeRoeck's (1997) literature review on NGO sustainability (numerous excerpts are included), further literature reviews of seminal articles or books on NGOs in health and non-health sectors, and PHR staff participation in a Aga Khan Foundation USAID Policy Seminar on "The Role of NGOs in Health Sector Reform" (June 13, 1997) and in a conference sponsored by the USAID Initiative Project on "Lessons Learned in the Initiative Project: 1992-1997" (June 26, 1997). Draft versions of this document have been reviewed by senior PHR staff.

The document is organized into three main sections. This first section reviews preliminary activities on the NGO Special Initiative, states the purpose and overall objective for this Initiative and explains the use of this document. The following section sets the stage for the NGO Special Initiative by identifying the strategic and operational parameters that it should satisfy and by presenting a typology and selection criteria for choosing which NGOs could be considered for PHR activity. Section 3 briefly describes four NGO topics and suggested PHR activities.

At the next meeting of the expert group, the topics and activities proposed in this document can be refined and revised, but ultimately the group would set priorities and recommend preferred activities for this Special Initiative. Based on these priorities and recommendations, PHR staff would then prepare and submit a final proposal and work plan to the USAID.

1.2 Objectives

A quick review of U.S. experience in private sector development, where the enabling environment (legal and economic) is much better, provides useful context for setting the objectives of this Initiative. Every year in the United States, over 500,000 people start a business of some sort. By the end of the first year, at least 40 percent of them fail. By the end of five years, more than 80 percent fail—a total of 400,000. Of those that survive the first five years, more than 80 percent do not survive the next five years.¹ Market competition, by definition, means that not every private entrepreneur wins. Nevertheless, although individual private enterprises may come and go, the private sector as a whole continues to play a large and significant role in the delivery of various services. The role of government is to create a legal framework that facilitates competition among private providers, which includes dissemination of information about the market, and that provides safeguards for quality of health care service delivery.

Strengthening health-related NGOs in developing countries is clearly critical as governments prepare to downsize and to hand off responsibilities to the “private” sector. **The objective for this Special Initiative is to help prepare the government and the private sector, including NGOs, to receive the handoff in such a way that promotes health care reform and the efficiency, effectiveness, equity and quality of health care services.** The discussion below shows that there is a multitude of activities that can be done to move the state of knowledge on and experience with NGOs ahead.

2. Setting the Stage

The topics and activities selected for the NGO Special Initiative need to be designed to fit within the overall strategic and operational guidelines of the PHR project. The relevant aspect of PHR guidelines are briefly listed in section 2.1. One of the key challenges in working with NGOs is, in fact, understanding, what they are. Section 2.2 attempts to present a brief typology of NGOs to facilitate identifying which should be the main targets of PHR work.

2.1 Strategic and Operational Guidelines

PHR Long-Term Goal: The main purpose of the PHR project is to support health sector reform and to advance knowledge about health sector problems in Africa, Asia, Latin America and the Caribbean, the Middle East, and Eastern Europe. This implies that the project will be concerned not only with the short-term results of delivering essential health services to under served populations, but also with the long-term requirements of health care reform which include establishing and preparing a viable private sector (e.g. NGOs) to play an important and active role in health care delivery as Governments downsize their own role.

Overall Objectives of PHR Special Initiatives: As stated in the PHR Strategy Statement (December 1995), the main roles that PHR will play in supporting the USAID Center for Population Health and Nutrition's exercise of global leadership in health reform will be to:

- ▲ Establish PHR as a prominent player to inform and guide debate on critical health reform issues in the international community.
- ▲ Demonstrate successful field approaches to health reform that result in meeting key objectives (e.g., improved access to higher quality health services, greater equity, and health service delivery arrangements that are affordable to a majority of people in a variety of country settings).
- ▲ Advance knowledge and capabilities in developing and implementing health reforms.
- ▲ Facilitate the exchange of ideas and experiences among experts in the health reform areas and present information to the international community on successful approaches to health policy management, financing, and service delivery.
- ▲ Lead thinking on concepts, issues, and methods related to health reforms.

PHR's Niche and Comparative Advantage: PHR will be looking for an opportunity to fill a niche not feasible by bilaterals, smaller projects or the NGOs themselves. Many of the activities in section 3 are presented with this in mind. Examples of USAID's niche might include evaluation of NGO experience, or broad-based dissemination of these experiences among NGOs, governments, and donors.

The Main Client: Since this work falls under technical assistance provided to the USAID Global Bureau, the main client is the Global Bureau, rather than the missions, although clearly, missions will eventually become involved since the ultimate goal is to make things work in the field.

2.2 NGO Typology and Selection Criteria

Table 2.1 gives a graphical representation of the types of NGOs and the criteria that can be used to select those which could be the focus of PHR work. In the literature, there is no consistency in definitions or acronyms. This paper tries to use the most common typologies, or at least, to establish a common terminology for the task ahead. The categories are not mutually exclusive. It is important that readers not consider this an attempt to present a perfect typology, but rather as a means to sort out which NGOs are most important for PHR work. Definitions of selection criterion, including related terminology and NGO definitions, are given below. As Table 2.1 shows, there are eight major criteria that can be used to select those NGOS that will be the focus of PHR's work. It was impossible to summarize these into a simple matrix, because this matrix would have to have been almost eight-dimensional. Those NGOs in clear boxes are recommended as likely candidates for PHR activity. Those in shaded boxes are not priorities for PHR at this time.

A consistent topic throughout the literature and among health care experts is that there is tremendous diversity in NGO in terms their ownership, client base, business orientation, etc. They range from whimsical and self-serving to noble attempts to help under served populations work their way out of poverty. Another consistent topic from experts is that there is no blueprint for health care reform. In other words, the objective of the PHR work on NGOs should not be to set a narrow blueprint for what an NGO should look like or what role it should play, but to guide local governments and markets to allow a diverse set of sustainable NGOs contribute to delivering health care serves to the poor.

2.2.1 Level I: International Linkages

Northern NGOs are those whose headquarters, ownership and funding is found in developed countries (often referred to as PVOs). By contrast, *Indigenous/national (sometimes called Southern) NGOS* are those whose owned and located in developing countries. They are self-managed, although funding can come from a variety of sources. In some cases, national NGOs may have significant international linkages related to management oversight and/or funding.

Since the long-term goal of the PHR project is to contribute to the development indigenous private sectors in developing countries, it is recommended that PHR focus its work on strengthening indigenous NGOs, especially those that are self-managed, although those with Northern linkages could be considered, especially if they support the development of indigenous umbrella NGOs (e.g., as long as they are not just direct extensions of the Northern entity).

Table 2.1. NGO Typology and Selection Criteria (PHR Priorities in Clear Boxes; Low PHR Priority in Shaded Boxes)

I. International Links	Indigenous and self-managed	Indigenous with International Links	Northern (PVOs)		
II. Ownership	Parastatal	Religious	Private Individuals	International PVOs	
III. Orientation to Client	Public Service Contract	Grassroots Organization	Membership Organization		
IV. Activities	Technical Innovation	Service Delivery	Mobilizing Resources	Human Resource Development	Public Education and Advocacy
V. Links with Grassroots	Intermediary or Umbrella	Direct Grassroots Unit			
VI. Links with National Government	Political Advocacy Only	Political Advocate with Service Delivery	Service Delivery Only		
VII. Business Orientation	Purely Commercial (for profit)	Social Enterprise (for profit and non-profit, mixed funding)	Purely Charity (non-profit, charity, mostly voluntary, donations)		
VIII. Source of Funds	National/local Government	Private Pay, Fees	Community Financing	Religious, Charity	Donor
IX. Type of Service	Family Planning Only	Primary Health Care with FP	Lateral Learning: Microenterprise, US Local health ctrs.		
X. Scope of Coverage	Cross-national	National	Regional	Local	
XI. Beneficiaries	Urban	Peri-urban	Rural	Special Populations (women and children)	

2.2.2 Level II: Ownership

Ownership of non-governmental organizations can range from almost governmental (e.g., parastatal) to various private owners including religious groups, private individuals and international organizations (e.g., PVOs). **It is recommended that PHR focus on indigenous forms of ownership.**

2.2.3 Level III: Orientation To “Client”

Sorting out the client of an NGO is confusing, where “the client” means the group or organization to which the NGO is accountable.

Public Service Contractors: NGOs that are funded primarily by Northern governments and that work closely with developing country governments and official aid agencies. Sometimes, these are referred to as GONGOs (government-oriented NGOs) or GINGOs (government-inspired NGOs), or QUANGOs (quasi-autonomous NGOs). These NGOs are contracted to implement components of official programs because it is felt that they would be more effective than government departments or official aid agency experts.

Grassroots Organizations: are locally-based NGOs that concentrate on self-help and social development. They provide support to local groups of disadvantaged households and individuals (e.g., Bangladesh Rural Advancement Committee [BRAC]). Although they are not often directly accountable to grassroots populations, they probably maintain more accountability to grassroots populations than public service contractors whose main client is the “government” (foreign or domestic).

Membership Organizations (MSOs): are locally-based NGOs whose membership are the poor and disadvantaged themselves, and which attempt to shape a popular development process. At least in principle, the MSO is accountable to its membership (e.g., labor union, association, cooperative).

The literature suggests that grassroots organizations are more effective than MSO as avenues for reaching grassroots populations with needed services, since MSO activities often get mired in the special interests of elite members. This suggests that PHR should focus on grassroots more than on membership-type NGOs. It is also recommended that the PHR project look more closely at the concerns for donor dependency that occur when working with and even creating public service contractors.

2.2.4 Level IV: Activities

NGOs can undertake a variety of activities including technical innovation, service and delivery, mobilizing resources, human resource development, public information and advocacy. **It is recommended that PHR consider all of these activities as it works with NGOs. Much remains to be learned about the appropriate niche(s) for NGOs.**

2.2.5 Level V: Links With Grassroots

Intermediary (or umbrella) NGOs: Intermediary NGOs usually refer to indigenous NGOs operate at a higher level than primary *grassroots* groups and are often not formally accountable to their beneficiaries at the grassroots. In its capacity as an intermediary institution, the intermediary NGO forges links between the grassroots NGOs and the usually remote levels of government, donor, and financial institutions. An example would be national coordinating bodies such as VHAI (Voluntary Health Association of India). When international PVOs play the role of a coordinating body, they are usually referred to as “umbrella” partnerships. *Primary Grassroots Organizations* are the smallest aggregation of individuals or households that regularly engage in some development active. In the health care field, this would include primary health care clinics, or other health providers.

It is recommended that PHR work most closely with intermediary NGOs: The project will potentially reach more beneficiaries if the intermediary is a good vehicle for dissemination of technical assistance to the primary grassroots organizations it supports. Some selected opportunities to work with grassroots NGOs could be considered.

2.2.6 Level VI: Links with National/Local Government

In the 1970s, many NGOs expanded from being solely self-help and service delivery to embracing processes to raise the poor out of poverty. These included more political education, social organization and grassroots development. In the 1980s, some NGOs (Northern and indigenous) became more open about political advocacy and worked actively to exert legislative influence. Clearly, this is not a role for every NGO, nor is every country context suitable for this type of NGO role.

It is recommended that PHR work with NGOs that have assumed roles of political advocacy on a selective basis. This could be when political advocacy makes a positive contribution to health care reform, and/or when important lessons can be learned about forming better relationships between NGOs and governments.

2.2.7 Level VII: Business Orientation

Often, NGOs are referred to as the “third sector,” that is, neither public nor private, but somewhere in between. At one end of the spectrum are NGOs that are commercial and for-profit. At the other end of the spectrum are those which operate on charity (donations/grants/volunteers) and give charity. Between these extremes is the social enterprise, which Greg Dees (Harvard Business School) defines as a hybrid between a charitable organization and a business firm. A social enterprise, pursues a social mission while utilizing many traditional business practices. The USAID Initiatives project used the concept of the social enterprise to present the findings of its five case studies. It is beyond the scope of this document to fully elaborate on this conceptual model, but even at this level of simplification, it helps to demonstrate the spectrum of NGOs in terms of business orientation.

Since PHR sees the sustainability of NGOs that serve poor populations as an important aspect of NGO strengthening, it is recommended that PHR focus on NGOs that are social enterprises, rather than those that are purely commercial or purely charitable.

2.2.8 Level VIII: Source of Funds

Social enterprises will typically receive funds from a variety of sources including donor funds, government grants, private payment, community financing schemes, memberships or various forms of donations and charity. **In light of scarce public resources and emerging private sources, it is recommended that PHR examine the diversity of public and private funding that can be used to support NGOs, although special attention should be given to reducing dependence on donor funds.**

2.2.9 Level IX: Type of Service

In the past, USAID has focused most of its attention on those NGOs dealing with family planning (e.g., the International Planned Parenthood Federation and others since the late 1960s.). The Initiatives project was one of USAID's first major attempt to learn about the sustainability of health services- related NGOs. Although much remains to be learned about family planning NGOs, there is a larger gap of knowledge and experience on health service-related NGOs, especially those in primary health care that support USAID's strategic goals in child health, maternal health and HIV/AIDS.

This is not to say that NGOs with other services should not be considered under the Special Initiatives. In fact, the literature and expert discussions suggest that much lateral learning between NGOs in different sectors can occur. NGOs in family planning, micro enterprise, and other sectors and even U.S. local health centers have already gone through part of the learning curve in establishing themselves as viable and useful institutions. In strengthening health care NGOs, every attempt should be made to benefit from other sectors and similar international experiences.

To maintain consistency with USAID strategic objectives that focus on child health, maternal health, and HIV/AIDS and to fill the relatively large gap of knowledge about primary health care NGOs, it is recommended that PHR focus on NGOs that deliver primary health care services. These NGOs might also provide family planning services, but they should not be ones that offer family planning services, exclusively. PHR should make every attempt to learn from NGOs in other sectors, including micro enterprise, U.S. local health centers, etc.

2.2.10 Level X: Scope of Coverage

NGOs can work locally, regionally, nationally, or cross-nationally. **It is recommended that context-specific conditions be considered when deciding whether PHR works with an NGO of broad or local coverage. PHR could consider working at all levels of coverage.**

2.2.11 Level XI: Beneficiaries

NGOS can work in rural, urban, or peri-urban areas and with a variety of special target population groups. **Context-specific conditions should determine which geographic regions and population groups should be the focus of PHR's NGO activity. PHR could consider working in all types of geographic regions and with a variety of target groups, although women and children are the focus of USAID activities.**

3. Overview of Topic Areas and Activities

In this section, four major topics relating to the role of NGOs in health sector reform and health service delivery are briefly explained followed by suggestions for what PHR could do to advance knowledge and experience on each topic. Except where explicitly mentioned, the activities focus on NGOs in health and nutrition (especially primary health care) and some population-related activities as stated in the typology, Level IX. This section is not meant to be the final word on main issues related to NGOs, but rather only to help prioritize and define PHR's future work.

Table 3.1 lists the four main topics. Table 3.2 (at the end of Section 3) presents a scorecard that can be used by PHR to prioritize specific activities within each topic. The reader may wish to look at the scorecard for a quick overview of the topics and proposed activities. Details are discussed below.

Table 3.1. Overview of NGO Topic Areas

1. Relationship between NGOs and National Governments
2. Raising the Level of Sustained Dissemination and Communication among NGOs
3. What Can NGOs Do in Health Care Service Delivery: Implementation, Tools and Sustainability
4. Relationship of USAID with National NGOs
Cross-cutting tasks: Each topic will include <i>evaluation</i> and <i>dissemination</i> components and contribute to the development of <i>indicators</i> for NGO accountability and performance.

Within each topic area, PHR Special Initiative activities will include efforts to *evaluate* the activities, *disseminate* findings, and to contribute to the development of *indicators* to monitor progress towards the overall objectives of the Special Initiative. Suggestions for these cross-cutting tasks are discussed under each topic area.²

3.1 Topic 1: Relationships of NGOs and National Governments and Their Role in Health Reform.

3.1.1 Key Ideas

Creating a Supporting Legal Framework for NGOs: So far, the institutional and legal frameworks that allow NGOs to exist in less developed countries remain very weak. Some important components of a legal/institutional framework would include: (1) Rights and freedom for citizens to associate; (2) allowing NGOs to work in activities beyond just charity and welfare activities; (3) allowing NGOs to create jobs or generate income; (4) allowing flexibility in the control and management structures of NGOs to suit their local goals; (5) allowing NGOs opportunities for political advocacy, but not to the extent of a political party; (6) creating simple but useful forms of registration (e.g., forms are often complex and time-consuming, and involve multiple ministries or agencies); (7) streamlining NGO accountability to regulatory and tax authorities that satisfies regulations, but protects democratic rights and appropriate levels of confidentiality.

Finding the Balance Between Political Advocacy and Increasing NGO Activities: In the 1970s, some NGOs expanded from focusing primarily on providing services to a broader role of social organization, and political advocacy. The 1980s has continued to see the development of political advocacy role of NGOs. To a large extent this is driven by the desire to expand the benefits of NGO activity to larger populations. Some take the stand that popular participation on a significant scale will come about only through reforms in official structures, not through multiplying NGO projects. The challenge is for NGOs to find a way to position themselves to influence political debates and legislative processes. Probably, the first place to begin is at local government levels, where NGOs have the greatest interface and is in keeping with support for decentralization. Clearly, NGOs which take on the role of political advocacy face a two-edged sword. It provides opportunities to disseminate local innovations more broadly if government support is obtained. It can result in possibilities to improve the efficiency and equity of government services, and to democratize state functions. On the other hand, NGOs that are outspoken on political issues can sometimes expect harsh (even violent) reprisals both from the government and from the local elite. Sometimes, indigenous NGOs look to international partners to enhance their political influence.

Identifying NGOs that are Suited to Political Advocacy: According to Clark (1991, p. 109), NGOs which want to influence governments need the following characteristics: (1) thorough knowledge of the entire country; (2) sound analysis of the economic situation; (3) sound analysis of government policies and priorities; (4) sound knowledge of aid agencies; (5) solid contacts with academics and others who can conduct research; (6) solid networks with close allies who can influence policy makers; (7) advocates who are skilled at presenting arguments to politicians and officials at all levels. Clearly, the job of political advocacy is not for every NGO. The USAID Initiatives project found that the ability and success of working with governments is very country-specific.

Identifying Political Environments where Participatory Policy Reform is Possible: Not all political environments are conducive to participatory policy reform. According to Clark (p. 76), influencing policy reform is possible when: (1) effective and participatory development is possible, but may still be hampered by institutional or government practices; (2) authorities respect the contributions of NGOs; (3) authorities are strong and have some liberal traditions, or the authorities are weak, haphazard and pliant; (4) the poor welcome efforts to seek reform; and (5) NGOs have or can acquire the competence needed for policy dialogue. Until recently, donors were not involved in broader issues of economic and health care reform. This larger donor role can facilitate connecting NGOs with policy reform debates and implementation.

Creating National Government & NGO Partnerships for Service Delivery: There are two major challenges to developing effective government/NGO partnerships. The first is when the partnership stops becoming a partnership: the NGO forfeits its right to be independent in ideas, approaches and operations (GONGOs, GINGOs, QUANGOs). The second is that government funding can undermine the long-term sustainability of the NGO, especially since government funding can be erratic.

3.1.2 Possible PHR Activities

Objective: To improve the legal framework to support the growth of a diverse set of NGOs and to more fully engage NGOs in the political process, when appropriate.

- 1A. Provide technical assistance to national and local governments and NGOs to improve the legal and regulatory framework to accommodate the diversity of NGOs.
- 1B. Conduct cross-country comparisons of legal and regulatory requirements to determine which framework is most conducive to allowing diverse NGO contributions to health care reform and to making sustainability more likely.
- 1C. Strengthen the potential of NGOs to participate in policy dialogue on health care reform, by selectively working with those NGOs that have the potential to fulfill this role. These NGOs would provide technical advice to policy makers, represent the interests of local population groups (with which the central government has often lost touch), stimulate dialogue between Ministries and branches of government, etc. Establish a set of criteria for choosing which countries where such dialogue between NGOs and national governments would be constructive.
- 1D. Provide technical assistance to NGO-government partnerships to enhance the ability of the NGO to manage stakeholder requests while still maintaining its independence.

Evaluation: Determine the extent to which legal and regulatory frameworks have been improved to promote the role of a diverse set of NGOs in contributing to health care reform. Evaluate the success and compile lessons learned of those NGOs that have taken on a role of political advocacy.

Dissemination: Find mechanisms to distribute information about legal and regulatory reforms throughout the country. Find mechanisms to disseminate “best practice” examples of legal and regulatory reform to other countries. Disseminate experiences about how NGOs have been able, or not able, to play a larger role in political advocacy.

Indicators: Develop indicators which capture progress made in reforming legal and regulatory conditions that allow NGOs to increase their contributions to the goals of health care reform.

3.2 Topic 2: Raising the Level of Sustained Dissemination and Communication Among NGOs.

3.2.1 Key Ideas

NGOs Learning From Each Other: Not surprisingly, NGOs in developing countries behave much like the private sector in any other country where entrepreneurs carve out their market niche by finding ways to stay one step ahead of their competitors while guarding trade secrets. In the higher income countries, learning and exchange of ideas often comes through consultants, trade magazines, specialized short workshops, and partnerships among organizations not directly competing with each other. In developing countries, one of the most serious barriers to expanding the development roles of NGOs may be the difficulties they face in working with one another. It is common to find a plethora of projects in a country or region which neither learn from each other nor attempt to coordinate

efforts. In spite of obstacles, it is critically important to avoid reinventing the wheel. Local counterparts can often be more effective than expatriate consultants in disseminating what works and persuading other local counterparts to experiment.

Learning from NGOs in Other Sectors (Lateral Learning) & Networking: There are several tools and ideas generated among non-health-related NGOs that could be very useful for health-related NGOs. There is a long history of micro enterprise NGOs, small-credit programs for agricultural NGOs, InterAmerica Fund for agriculture-related NGOs, and others. Every attempt should be made to benefit from lessons learned about NGOs in these other sectors in addition to a few other significant situations (e.g., PROSALUD). Networking is the organizational mode of lateral communication, rapid adaptation, and social movements. It frees the flow of creative ideas and unlocks barriers to information that may occur in centralized, hierarchical governments and cultures.

Lack of Funds for Dissemination: Most NGOs run on very tight budgets and rarely have the opportunity to host or attend dissemination events. Larger-scale dissemination clearly seems to be a niche that donors can play. This would provide opportunities to: (1) document a multitude of NGO experiences; (2) provide less threatening environments (e.g. non-competitors) where NGOs can learn from each other; (3) identify opportunities for extensive lateral learning; (4) transmit important lessons learned and compendiums of tools; and (5) strengthen dialogue between NGOs and national governments.

Business Sense is Not So Common: Some of the ideas, tools and approaches NGOs need to learn to provide cost-effective services and to be sustainable are not very complex. They often revolve around some basic business techniques. However, these are being introduced in very different cultures, mind-sets, and institutions, that will take time to change. Often, individuals or organizations have not been allowed to be entrepreneurs before and therefore don't really know what it means to be an entrepreneur. Many NGOs are founded as a charity by technical-type persons (e.g., doctors), with little business experience. Entrepreneurship goes beyond just basic business skills. All this means that it is important not to underestimate the value of repetition, discussion and debate of how to become an enterprising NGO. Dissemination launches the power of ideas.

Dissemination and National Governments: Government coordinating mechanisms may also provide avenues for the State to gain access to NGO funding and information on organizations it considers to be subversive. This may put NGOs at risk. Clearly, these dangers need to be taken into account in any dissemination activity.

3.2.2 Possible PHR Activities

Objective: To raise the level of sustained exchange of ideas and experiences especially among indigenous NGOs, but also among experts in the international health community, on health reform areas and present information to these audiences on successful approaches to health policy management, financing, and service delivery.

- 2A. Increase networking among indigenous NGOs through connectivity efforts (e.g., through Internet and other recent developments in communication techniques).
- 2B. Initiate higher level of dissemination and connectivity with donor-funded regional conference(s) for national NGOs that would provide opportunities to (1) present case studies of significant NGO experiences; (2) exchange information among NGOs which are not necessarily direct competitors, e.g., cross-regional or cross-national; (3) conduct lateral learning sessions from

NGOs in other sectors that have significant potential to strengthen health-related NGOs; (4) repeat and repeat basic lessons and tools for building entrepreneurship; (5) where appropriate, strengthen the dialogue between NGOs and national/local governments; and (6) build international links between health-related NGOs.

- 2C. Work with some local institutional body in a country (government, university, umbrella NGO) to build NGO directories that are informative, current, and can be actively used by NGOs to network and contact each other.
- 2D. Assist NGO umbrella organizations or other institutes (e.g., academic) to generate and distribute newsletters, and set up communication systems between NGOs (local conferences, phone lines, internet).
- 2E. Explore the possibility of working with the World Bank to build an extensive database on NGOs that can be used by donors and other funding agencies. Contribute to expanding information collected on health-related NGOs.

Evaluation: Determine the extent to which enhanced mechanisms for dissemination and connectivity actually work to raise level of communication and connectivity. Are these mechanisms sustainable?

Dissemination: Find mechanisms to expand experiences of dissemination and connectivity to other health-related NGOs within and outside of the country.

Indicators: Develop indicators that capture progress made in raising the level of dissemination and connectivity among NGOs and other major stakeholders.

3.3 Topic 3: What Can NGOs Do in Health Care Service Delivery: Implementation, Tools, and Sustainability

3.3.1 Key Ideas

What Can NGOs Really Do in Health Care Service Delivery? Preparing for the Handoff from a Downsized Government to the Private Sector: A popular image of NGOs frequently assumed in the literature suggests that all NGOs should reach those of greatest poverty, have direct relationships with the communities of the poor people, be locally innovative, and have highly committed staff. However, holding the diversity of NGOs to a single standard of performance seems unreasonable because there are certainly several niches for private organizations to fill in health sector reform which will require a variety of private entities. Most importantly, the long-term vision should be to support NGOs to assume new roles as governments around the world are shedding responsibilities. What attempted to be handled by a centralized organization, unsuccessfully, will soon be handled by a multitude of private sector entities working in a decentralized framework.

Aside from the work of family planning NGOs, PROSALUD, and those health care NGOs assisted under the Initiatives project, USAID has little experience in working with the non-profit private sector to move health care reform forward. More knowledge and experience are needed to strengthen the clinical and organizational capacity of larger numbers of NGOs to:

- ▲ Generate technical innovations in health care;
- ▲ Deliver primary health care services to the middle poor and poorest;
- ▲ Improve clinical practices;
- ▲ Provide health education and communication services;
- ▲ Provide training in clinical aspects;
- ▲ Strengthen leadership;
- ▲ Build capacity to manage relationships with carefully selected stakeholders/affiliations;
- ▲ Build management capacity: general, financial, information, logistics;
- ▲ Become sustainable (or attract a diversity of funds).

Can Smaller NGO Experiments Be Replicated or Scaled Up?: When thinking about NGOs, one typically thinks that “small is beautiful” and sometimes this is most appropriate. But in other cases there may be opportunities to scale up or replicate activities. Options for scaling up might include expanding an existing project, expanding outreach, helping others set up similar programs, and using experience to persuade others to change.

Scant Evidence and NGO Achilles Heel: There is little solid evidence about whether NGOs in the health sector actually meet expectations about being effective partners in health care reform. Most would agree that the number of NGOs is growing and that their credentials and activities deserve to be verified. According to Clark (p. 59), the NGO Achilles heel across all sectors tends to include the following: (a) they do not really benefit the poor, but rather the easiest to reach; (b) their decision-making tends to be dominated by local elites; (c) they are often not innovative, but rather extend tried and tested services; (d) their services often have limited replicability; (e) they often bring values of a foreign environment; (f) they engage in disconnected planning, conceived in isolation of broader reform strategies; (g) they pay little attention to making the project sustainable; and (h) project staff have limited technical capacity.³

*Addressing the Tradeoff Between NGO Sustainability and Breadth of Impact:*⁴ Perhaps one of the most fundamental lessons from the USAID Initiatives project is that there is a tradeoff between ensuring NGO sustainability and breadth of impact. The Initiatives project found that assisting grassroots NGOs to become sustainable required significant time and effort, which came at the expense of reaching more NGOs. This seems to support the objective set out at the beginning of this paper which emphasized that sustainability of the private sector as a whole (including NGOs) may be a more appropriate focus for PHR efforts than sustainability of any individual private enterprise. Along these lines, perhaps, an important theme coming from the Initiatives project is that *adaptability of an NGO to its local conditions is key to long-term sustainability*.⁵

Potential to Improve the Financial Sustainability of the Social Enterprise through Diversity of Funding: As defined earlier, a social enterprise is a hybrid between a charitable organization and a business firm. A social enterprise, pursues a social mission while utilizing many traditional business practices. Financial sustainability might be achieved through diverse sources of funding, although it is not clear which combination is most appropriate in which type of local context: User fees, pre-payment/insurance schemes, national and local government support, commercial schemes (income-generating activities), fundraising activities and private donations, endowments, contributions by employers or associations, savings through cost-containment measures and efficiency improvements, international donor support.

3.3.2 Possible PHR Activities

Objective: To demonstrate successful field approaches to health reform that use NGOs to meet key objectives (e.g., improved access to higher quality health services, greater equity, and health service delivery arrangements that are affordable to a majority of people in a variety of country settings).

- 3A. Build a compendium of methods and tools already available. Determine what gaps remain to be filled and fill them. One likely gap is NGOs ability to select and manage multiple accountability and several stakeholders. Look to non-health NGOs as well (e.g., microenterprise, U.S. local health centers, etc.) maximize lateral learning.
- 3B. On a very selective basis, work with individual NGOs when their contribution can be critical to health care reform in a country and/or when a unique opportunity exists to fill gaps in knowledge on how to strengthen NGO participation in health care reform.
- 3C. On a selective basis, test opportunities for replication (including franchising) of an NGO model. Document what factors support replications, challenges faced and results.
- 3D. Finalize/expand DeRoeck's 1997 report on *Review of Indigenous Health-Sector NGOs' Efforts and Activities to Become Sustainable*.
- 3E. Work with indigenous intermediary organizations to strengthen their capacity to support grassroots NGOs to become sustainable or achieve higher levels of sustainability.
- 3F. Work with umbrella organizations and/or grassroots NGOs to identify and test most appropriate and sustainable mix of funding sources. Review lessons learned to date from health and non-health NGOs (e.g., microenterprise, agriculture). Maximize benefits of lateral learning from non-health sectors.
- 3G. Develop guidelines for "Exit Plans" for USAID missions and projects currently working with NGOs, and selectively work directly with grassroot NGOs to test these "Exit Plans."

Evaluation: Develop additional case studies on NGOs with significant experience worth disseminating. Develop a tool for evaluating health-related NGO performance in terms of meeting the expectations of major donors, such as USAID, and other major stakeholders. Suggest guidelines for performance measures. Test this tool by conducting systematic evaluations of health care related NGOs in several regions, covering a diverse set of NGO types. Develop a tool for evaluating health-related NGO performance in terms of meeting broader, long-term objectives of health care reform. Suggest guidelines for performance measures. Test this tool by conducting evaluation of NGO

performance along these broader criteria. Establish partnerships with local research institutes to conduct evaluations of local NGOs. Although they might not be able to quantify results, they can provide comparative judgments. These research institutes might be less threatening than a donor NGO evaluation team, more objective than self-evaluation, and more meaningful than an independent evaluation conducted by consultants who are familiar with official aid, but not local circumstances.

Dissemination: Disseminate more broadly existing case studies (e.g., Initiatives, Transition) and new case studies through existing dissemination channels, workshops, conferences, etc.

Indicators: Continue to develop a comprehensive definition of sustainability and develop a set of indicators to measure NGO sustainability. This would complement the work of the Family Planning Management Development project run by Management Sciences for Health where sustainability indicators for family planning are being developed. Develop a set of indicators of NGO performance for USAID that monitor specific contractual obligations, progress towards USAID's strategic objectives; and intermediate outputs or processes that are linked to achieving strategic goals and progress towards sustainability. Develop guidelines and examples of indicators for monitoring the performance of NGOs in terms of their broader mandate to serve local populations. This might also include setting up indicators for major types of stakeholders to which NGOs often establish some kind of accountability.

3.4 Topic 4: Relationship of USAID with National NGOs

Not a New Topic: Books, literally, have already been written on the subject of donor assistance to NGOs. A well-known one, David Korten's 1990 book, *Getting to the 21st Century: Voluntary Action and the Global Agenda*, is particularly useful to this discussion because Korten spent eight years in the 1980s working at USAID during which he spent much time looking at options for strengthening USAID linkages to NGOs. On the one hand, his views are very sobering:

International assistance agencies deal in money, not in the social processes that are the key to institutional change....The large loans and grants made by these agencies almost inevitably direct attention away from the more effective use of local resources and towards reliance on external resources. These agencies are too controlled by short-term political changes to make long-term commitments to slow and difficult processes of institutional change. (p. xii)

3.4.1 Key Issues

What is the USAID Policy Agenda? Why Should USAID Work With NGOs?: Aid agencies see markets and private initiatives, including NGOs, as efficient mechanisms for achieving economic growth. NGOs not only serve to strengthen the private markets, but they may also reach the poor and underserved. NGOs are also seen as vehicles for democratization and as essential components of civil society. However, the way in which donors work with indigenous NGOs may or may not contribute to this policy agenda. For example, using NGOs to expand coverage of health care services fairly rapidly may come at the expense of creating NGOs that are not sustainable in the long term; for example, they become increasingly dependent on donor funds and technical assistance for survival. The USAID Initiatives project showed that there is a direct tradeoff between impact (coverage) and sustainability. Some of the challenges of building effective relationships between USAID and national NGOs are summarized below.

Building a Diverse Private Sector, (NGO Diversity): The U.S. government is the largest funder of NGOs. Often, such partnerships entail the official aid agency contracting NGOs to implement a component of a technical project, rather than supporting NGOs to expand their own programs. In the extreme, NGOs may actually have no social mission except to work with official programs (e.g., public service contractor). Clearly, it is often difficult to be both a social catalyst and a public service contractor. Public service contractors are not just a phenomenon of aid assistance. Developed countries use public service contractors to provide a wide range of services ranging from garbage collection to health service delivery. Ideally, the private sector would support both types of NGOs, each will have its own niche. The challenge is whether aid agencies support a diversity of NGOs (e.g., many buyers and many sellers).

It is expected that there will be an increase in demand for public service contractors to implement large social projects that local governments seem increasingly unable to do. A small NGO can work in relative obscurity, but when working with a larger donor, its own agenda can be swamped by the larger agency, and it can become buried in regulations and donor interventions.

What Kind of Private Competition?: A context in which NGOs compete with one another for government and donor grants will probably not foster the private market ultimately desired by aid agencies, nor culminate in grassroots alliances being sought by aid agencies through NGO mechanisms. Importantly, the small NGO funded by private households can be squeezed out by other NGOs that choose to link up with international aid agencies. A grant-dependent organization is more likely to be donor-driven and relatively sheltered from competitive pressures. Consequently, its managers may not be as aggressive in introducing efficiencies that are needed to achieve organizational sustainability.

This dilemma is not new. It is faced by every private entrepreneur. The owner of the business (for-profit, or non-profit) is, in fact, in charge of the business and he/she must sort out the costs and benefits of each and every affiliation and contract he/she accepts. The problem arises when donor funding swamps the NGO sector such that NGO entrepreneurs have to join the official aid game in order to survive.

Identifying the Right NGOs, Casting a Wider Net: The first challenge in tapping the NGO market is to identify the right NGO for task at hand. As shown in Table 2.1, a great diversity of NGOs exist, and there is much to learn about how to find the right NGO. This includes being able to identify which NGOs exist in a particular country and establish communication between them and the donor agency or other funding sources. It is probably true that there is a short list of NGOs that work with donor agencies in each particular country, but this network needs to be expanded. This needs to be done in such a way that donors do not become simply “talent spotters,” where resources chase new project ideas, lending a “faddish” quality to this sector. This could include setting guidelines for selecting NGOs to assist, so that assistance is effective and worthwhile (e.g., certain revenue level, minimum personnel, management infrastructure, etc).

Multiple Donor Agendas?: Related to this question of whose agenda is to understand the roles of USAID missions and central bureaus and regional offices. Often, each of these players has different expectations about the role of NGOs in health care reform and how USAID should relate to them.

Are Donors Sending Mixed Messages?: The USAID Initiatives project found that donor support for the development of NGO health care services can be undercut by simultaneous efforts by the same or different donors to strengthen or expand similar free services by the public sector. When this support to the public sector enables the continuation of heavily subsidized services to populations otherwise able to pay for the services they receive, either all or in-part, it creates a competitive

environment within which the private and NGO sector is unlikely to survive, let alone grow over time.

Current Approaches by Donors to Work with NGOs: USAID and other donors have worked in a variety of ways with NGOs and it is not clear which form of donor partnership is the most cost-effective use of donor funds to promote the role of a diverse group of NGOs in health care reform. DeRoeck (1997) found that, “along with the increased involvement of indigenous NGOs in foreign assistance projects have been some concerted efforts by donors to strengthen the capacities and increase the long-term sustainability of these NGOs.” These efforts by donors to focus on capacity-building and sustainability of local NGOs can be divided into four categories (pp. 31-35):

- ▲ donor projects aimed at creating indigenous, sustainable NGOs (e.g., USAID: PROSALUD and various replications in Peru);
- ▲ PVO/NGO umbrella or co-financing projects (e.g., Senegal PVO/NGO support project; SHARED/Malawi; Mali PVO Co-Financing Project); Partnerships with intermediary NGOs.
- ▲ centrally funded projects that have as a major goal improving the capabilities and sustainability of local NGOs and other private sector organizations (e.g., USAID Initiatives, IBRD-EDI/Strategic Planning and Management for Francophone African NGOs; USAID/Promoting Financial Investment and Transfers (PROFIT); USAID/Transition; USAID/PVO/NGO Initiatives Project (PIP); and
- ▲ sectoral projects that include NGO participation (World Bank Sector Loans).⁶

Should Donors Make Capital Investments in NGOs?: The start-up capital required by NGOs to begin revenue generation activities is a key impediment as they work to enhance their financial viability. Donor provision of initial start-up capital in the form of grants, time-limited subsidies, loans, or shared financing of basic equipment may be required under certain circumstances. On a related issue, technical assistance to NGOs can have immediate cost consequences for its recipients that may not be offset by revenue increases in the short-run. For example, if an NGO clinic is introducing a new MIS system, they will incur costs of computer purchases and maintenance, as well as hiring new MIS staff to run the system.

Potential Code of Collaboration Between Aid Agencies and NGOs?: A variety of donors (e.g., World Bank, Commonwealth Fund) are in the process or have prepared guidelines for working with NGOs. In light of rapid growth of NGOs, USAID should consider updating its own approach to working with NGOs. Clark suggests that a code or guidelines are important if the NGO wants to retain its identity and the donor agency wants to bring the real advantages of the NGO sector and not just being expedient and low cost. He suggests the following elements for such a code (p. 79). The donors must:

- ▲ Inform host country government of agency’s wish to explore the involvement of NGOs as project collaborators, this could be a condition of funding;
- ▲ Use experienced Northern and National NGOs to advise on appropriate indigenous NGOs who would be potential partners. An important criterion in the selection would be the track record the Southern or Northern NGO has of involvement with poor communities;

- ▲ Invite potential collaborators to participate in the project preparation missions, so that they have an opportunity to influence the overall shape of the project (and not just those components which the NGO is invited to implement);
- ▲ Delegate authority to the NGO to evolve policy and project design so that the NGO is not seen just as a subcontractor but is enabled to introduce changes in the project in response to changing local needs;
- ▲ Recognize that the NGO remains accountable first and foremost to its own constituency, rather than to the agency, and that its contribution to the project is in keeping with the NGO's own style of participation and grassroots democracy;
- ▲ Make available to the NGO all project information relevant to its social or environmental impact or to the project components for which the NGO is responsible; and
- ▲ Ensure that the NGO has the freedom to make available to local populations such project information that has direct bearing on their lives.

3.4.2 Possible PHR Activities

Objective: To develop USAID-NGO relationships that create an environment that allows a diversity of NGOs to exist with diverse approaches to serving local populations in health care delivery:

- 4A. Conduct a thorough review of the four principle mechanisms used by donors so far to establish NGO partnerships and to build an environment to support NGO growth.
- 4B. Conduct a review of funding guidelines and related policies by other major donors on building partnerships with and the capacity of NGOs (WHO, World Bank, Commonwealth Fund, Swedish International Development Agency, Department for International Development, Northern NGOs). Guidelines would consider selection criteria for choosing NGOs for assistance.
- 4C. Conduct a field evaluation of NGO/USAID relationships which are reputed to have worked well. Consider also doing a field evaluation of relationships between NGOs and other major donors that are reputed to have worked well. Identify lessons learned, what can be extrapolated to prepare USAID guidelines that can be generally applied, and what is country-specific.
- 4D. Develop a pilot project that uses an innovative USAID/NGO partnership mechanism that builds on lessons learned from activities 1A-C above.

Evaluation: Evaluate innovative USAID/NGO relationships being pilot tested under the PHR/Special Initiative.

Dissemination: Find mechanisms to disseminate lessons learned about USAID/NGO partnerships to USAID missions in other countries and to other donors.

Indicators: Develop indicators which capture progress made in building successful USAID/NGO relationships.

Table 3.2 Scorecard for Ranking NGO Topics and Activities

NGO Topic and Key Issues	Proposed Activities	Rank
<p>Topic 1: Relationship Between NGOs and National Governments</p> <ul style="list-style-type: none"> • Creating a Supporting Legal Framework for NGOs; • Finding the Balance Between Political Advocacy and Increasing NGO Activities; • Identifying NGOs that are Suited to Political Advocacy; • Identifying Political Environments where Participatory Policy Reform is Possible; • Creating National Government & NGO Partnerships for Service Delivery. 	<p><i>Objective:</i> To improve the legal framework to support the growth of a diverse set of NGOs and to more fully engage NGOs in the political process, when appropriate.</p> <p>1.A. Provide technical assistance to national and local governments and NGOs to improve the legal and regulatory framework to accommodate the diversity of NGOs.</p> <p>1.B. Conduct cross-country comparisons of legal and regulatory requirements to determine which framework is most conducive to allowing diverse NGO contributions to health care reform and to making sustainability more likely.</p> <p>1.C. Strengthen the potential of NGOs to participate in policy dialogue on health care reform, by selectively working with those NGOs that have the potential to fulfill this role. These NGOs would provide technical advice to policy makers, represent the interests of local population groups (with which the central government has often lost touch), stimulate dialogue between ministries and branches of government, etc. Establish a set of criteria for choosing which countries where such dialogue between NGOs and national governments would be constructive.</p> <p>1.D. Provide technical assistance to NGO-government partnerships to enhance the ability of the NGO to manage stakeholder requests while still maintaining its independence.</p> <p><i>Evaluation, Dissemination, Indicators</i></p>	
<p>Topic 2: Raising the Level of Sustained Dissemination & Communication Among NGOs.</p> <ul style="list-style-type: none"> • NGOs Learning from Each Other; • Learning from NGOs in Other Sectors (Lateral Learning) & Networking; • Lack of Funds for Dissemination; • Business Sense is Not So Common; • Dissemination and National Governments. 	<p><i>Objective:</i> To raise the level of sustained exchange of ideas and experiences especially among indigenous NGOs and others.</p> <p>2.A. Increase networking among indigenous NGOs through connectivity efforts (e.g., through Internet and other recent developments in communication techniques).</p> <p>2.B. Initiate higher level of dissemination and connectivity with donor-funded regional conference(s) for national NGOs that would provide opportunities to (1) present case studies of significant NGO experiences; (2) exchange information among NGOs which are not necessarily direct competitors, e.g., cross-regional or cross-national; (3) conduct lateral learning sessions from NGOs in other sectors that have significant potential to strengthen health-related NGOs; (4) repeat and repeat basic lessons and tools for building entrepreneurship; (5) where appropriate, strengthen the dialogue between NGOs and national/local governments; and (6) build international links between health-related NGOs.</p> <p>2.C. Work with some local institutional body in a country (government, university, umbrella NGO) to build NGO directories that are informative, current, and can be actively used by NGOs to network and contact each other.</p> <p>2.D. Assist NGO umbrella organizations or other institutes (e.g., academic) to generate and distribute newsletters, and set up communication systems between NGOs (local conferences, phone lines, internet).</p> <p>2.E. Explore the possibility of working with the World Bank to build an extensive database on NGOs that can be used by donors and other funding agencies. Contribute to expanding information collected on health-related NGOs.</p> <p><i>Evaluation, Dissemination, Indicators</i></p>	

NGO Topic and Key Issues	Proposed Activities	Rank
<p>Topic 3: What Can NGOs Do in Health Care Service Delivery: Implementation, Tools, & Sustainability.</p> <ul style="list-style-type: none"> • What Can NGOs Really Do in Health Care Service Delivery? Preparing for the Handoff from a Downsized Government in the Private Sector. • Can Smaller NGO Experiments Be Replicated or Scaled Up? • Scant Evidence and NGO Achilles Heel; • Addressing the Tradeoff Between NGO Sustainability and Breadth of Impact. • Potential to Improve the Financial Sustainability of the Social Enterprise through Diversity of Funding. 	<p><i>Objective:</i> To demonstrate successful field approaches to health reform that use NGOs to meet key objectives</p> <p>3A Build a compendium of methods and tools already available. Determine what gaps remain to be filled and fill them.</p> <p>3B. On a very selective basis, work with individual NGOs when their contribution can be critical to health care reform in a country and/or when a unique opportunity exists to fill gaps in knowledge on how to strengthen NGO participation in health care reform.</p> <p>3C. On a selective basis, test opportunities for replication (including franchising) of an NGO model. Document what factors support replications, challenges faced and results.</p> <p>3D Finalize/expand DeRoock's 1997 report on <i>Review of Indigenous Health-Sector NGOs' Efforts and Activities to Become Sustainable</i>.</p> <p>3E Work with indigenous intermediary organizations to strengthen their capacity to support grassroots NGOs to become sustainable or achieve higher levels of sustainability.</p> <p>3F Work with umbrella organizations and/or grassroots NGOs to identify and test most appropriate and sustainable mix of funding sources. Review lessons learned to date from health and non-health NGOs (e.g. micro enterprise, agriculture). Maximize benefits of lateral learning from non-health sectors.</p> <p>3G Develop guidelines for "Exit Plans" for USAID missions and projects currently working with NGOs and selectively work directly with grassroots NGOs to test these "Exit Plans."</p> <p><i>Evaluation, Dissemination, Indicators</i></p>	
<p>Topic 4: Relationship of USAID with National NGOs</p> <ul style="list-style-type: none"> • What is the USAID Policy Agenda? Why Should USAID Work with NGOs? • Building a Diverse Private Sector (NGO Diversity) • What Kind of Private Competition? • Identifying the Right NGOs, Casting a Wider Net. • Multiple Donor Agendas? • Are Donors Sending Mixed Messages? • Current Approaches by Donors to Work with NGOs • Should Donors Make Capital Investments in NGOs? • Potential Code of Collaboration Between Aid Agencies and NGOs 	<p><i>Objective:</i> To create an environment that allows a diversity of NGOs to exist with diverse approaches to serving local populations in health care delivery:</p> <p>4.A. Conduct a thorough review of the four principle mechanisms used by donors so far to establish NGO partnerships and to build an environment to support NGO growth.</p> <p>4.B. Conduct a review of funding guidelines and related policies by other major donors on building partnerships with and the capacity of NGOs (WHO, World Bank, Commonwealth Fund, Swedish International Development Agency, Department for International Development, Northern NGOs). Guidelines would consider selection criteria for choosing NGOs for assistance.</p> <p>4.C. Conduct a field evaluation of NGO - USAID relationships which are reputed to have worked well. Consider also doing a field evaluation of relationships between NGO and other major donors that are reputed to have worked well. Identify lessons learned, what can be extrapolated to prepare USAID guidelines that can be generally applied, and what is country-specific.</p> <p>4.D. Develop a pilot project that uses an innovative USAID/NGO partnership mechanism that builds on lessons learned from activities 1A-C above.</p> <p><i>Evaluation, Dissemination, Indicators</i></p>	

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Endnotes

¹ Michael E. Gerber. 1986. "The E Myth: Why Most Small Businesses Don't Work and What to Do About It." *Harper Business*. pp. 1-2

² **More on Indicators:** Accountability is generally interpreted as the means by which individuals and organizations report to a recognized authority and are held responsible for their actions. Upward accountability usually refers to the trustees, donors, and host governments that are the major sources of funding for the NGOs. Downward accountability pertains to responding to the expectations of NGO partners, staff, and beneficiaries. Performance indicators can only be established once accountability issues have been defined because these indicators will be used to track the performance of the NGO against the agendas and expectations of those who think they are in charge and of those to whom some contractual obligation or affiliation has been made.

Since NGOs increasingly have to deal with multiple accountability, multiple sets of performance indicators will be required. When the official agencies finance service delivery, they expect contracted outputs to be achieved and are less interested in the process of learning how to get these results. This is only natural since public funds are accompanied by more stringent "contractual" demands on input-output contract obligations and would tend to emphasize short-term quantitative targets and standardizing indicators, and be project-oriented.

The challenge is not to limit the development of performance indicators to those that satisfy such contractual obligations. In light of the large influence major aid agencies can have on the NGO sector, there is an obvious fear that donor funding may orient accountability upwards, away from the real objective of the NGO which supposedly is to provide services and support to local populations. The continuum of indicators should eventually run the spectrum from simple participatory project appraisal to full stakeholder determination of NGO performance criteria. Initially, when funding is dominated by aid agencies, performance indicators will fall closer to the project appraisal type. As funding sources become diversified, indicators will increasingly capture both upward and downward accountability.

Performance Measures for Upward Accountability, including Contractual Obligations to Donor Agencies: Few indicators exist to monitor the performance of NGOs. These indicators would probably be of three types: (1) those to monitor specific contractual obligations, (2) those to monitor progress towards USAID's strategic objectives; (3) those to monitor intermediate outputs or processes that are linked to achieving strategic goals; (4) those to monitor NGO sustainability after donor programs end.

Performance Measures for Downward Accountability: Unlike government or business (which can be assessed in either political or economic terms, respectively), NGOs have no readily acknowledged "bottom line" by which to measure performance. Much evidence of major achievements of NGOs comes through their operating as partners in formal and informal networks and coalitions. So far, because so few fixed standards for monitoring NGO performance exist, NGO evaluation is more a matter of judgement than of quantitative results. Drucker (1990) and Kantner (1979) outline the following guidelines for measuring the performance of NGOs: (1) measurement of effectiveness should be related to a particular context and life stage of the organization; (2) universal measures are not likely to be appropriate; instead, key questions should form the basis of the assessment; (3) performance standards will be needed for the various constituencies that the organization services; and (4) the process of organizational assessment

should be participatory by the various stakeholders and beneficiaries.

³ **More on NGO Performance.** The literature frequently cites problems in NGO leadership. There are NGOs whose leaders are charismatic, but who maintain ill-defined structures. These NGOs are often the most successful, but they suffer or even disappear when the leader goes away. Others have leaders who are more committed to management structures, but they may suffer from slow response and “management by committee.” The USAID Initiatives Project found that the strategic vision of NGO leaders is a key element in the development and implementation of a service expansion program. Moreover, technical assistance has been most effectively used by those leaders who have a clear, long-term vision.

Evidence on NGO performance in democratization is more difficult to come by. There is mixed evidence about the ability of NGOs to achieve local participation. The USAID Initiatives Project found that the traditional prerogatives of private ownership can limit the role of the community in the determination and delivery of basic health services; however, this is mitigated to the extent that the health clinic provides patient-focused care (rather than provider demand created care). Carroll found that, contrary to expectations, membership organizations are not necessarily more participatory. Compared to grassroots organizations, they are often heavily influenced by elite members (Carroll, p. 36).

⁴ **More on Sustainability:** In Nigeria, the Initiatives project found that *factors that contribute to financial sustainability include:* age of organization, donor support for start-up capital, infrequent change of leadership, promotion of services, monitoring efficiency, fewer lower-income clients, trained financial personnel, monitored cash flow, regular external audits, fees for service, and participation in a network. *Factors that impede financial sustainability include:* unsystematic strategic planning, especially without inclusion of financial information; MIS systems that focus on project-level rather than on enterprise-level performance; decision-making not based on information; frequent changes of leadership; lack of a marketing function and use of marketing information; a fully non-for-profit orientation without any collection of fees and dependence on volunteer staff; reliance on donor support; inability to raise local funds; and inappropriate pricing policies to cover both short-term and long-term financial needs. DeRoock presents the following general findings about NGO sustainability:

- ▲ “There seems to be *relatively little in the literature on the topic of sustainability of health sector NGOs*. More appears to have been written about the sustainability of donor projects and programs and efforts to institutionalize them, as a result of recent declines in USAID and other donor funding. There is also more literature on the sustainability of family planning NGOs, especially those in Latin America supported by donor funding...”
- ▲ There is *a great deal of interest in the topic of NGO sustainability in the international health and development community*.
- ▲ *Further research on health sector NGO sustainability needs to be conducted both to provide national governments and local NGOs with information and tools to use as guides in planning the NGO’s future and to help donors and cooperating agencies determine the most effective and appropriate types of technical assistance to provide these NGOs*. Areas of needed research include: how to assess the sustainability of NGOs (and the development of assessment tools), examining what factors or characteristics of an NGO are crucial to its success and ultimate sustainability, examining the effects of various government policies and regulatory provisions on the sustainability of NGOs, determining what types of activities to achieve sustainability work and don’t work and why, and developing indicators of sustainability for health sector NGOs to complement the work being done by several

population cooperating agencies on family planning sustainability indicators. (DeRoeck, pp. 4-5).

⁵ For health care, one key aspect to this is developing “patient-oriented” services. Marketing information is the component most frequently absent from the initial business plans of private groups. Moreover, just as in developed countries, developing country physicians typically overestimate demand. This is particularly critical for private health service delivery to low income populations. Having adequate volumes is absolutely necessary in poor populations since only small margins are earned on each patient. Provider driven provision of services that “creates demand” is unlikely to be sustainable.

⁶ **More on Types of USAID/NGO Partnerships:**

Donor/NGO Partnership Mechanism #1: NGO-Creating Projects in the Health and Population Sectors: According to DeRoeck, the Self-Financing Primary Health Care Project, begun in 1983 by USAID/Bolivia, resulted in the creation of the Bolivian NGO, PROSALUD, which obtained legal status as an indigenous non-profit organization in 1985. USAID’s aim in this project was to develop and test an organizational model to provide self-financing primary health care services to low- and middle-income populations in urban and peri-urban areas. USAID and several independent evaluators consider PROSALUD a great success and are replicating it elsewhere. The USAID-funded SHIPS Project in Peru, which began in 1994, created MAXSALUD, based on the PROSALUD model, and USAID/Zambia and the Zambian government are currently assessing the feasibility of developing a similar organization in that southern African country. Nonetheless, PROSALUD has had a number of critics, who point out that USAID will have invested an estimated \$14 million in the project by the end of 1998 (not including its social marketing contraceptives project), that few of PROSALUD’s 28 health clinics are yet self-financing, and that USAID now plans to invest an additional \$5 million into PROSALUD to create an endowment fund that will help the organization become financially independent and sustainable (p. 31).

Donor/NGO Partnership Mechanism #2: NGO Umbrella and Co-Financing Projects: According to DeRoeck, “USAID has funded a number of PVO/NGO co-financing or umbrella projects in the last 12 years or so. Umbrella projects are a means through which USAID can support a number of agencies at a time under a single funding obligation through a series of sub-grants. Most of the umbrella projects refer to partnerships with U.S.-based PVOs. These projects are directly managed by USAID Mission personnel or by U.S.-based PVOs, who provide and manage the sub-grants to other PVOs and to local NGOs. Although an assessment of umbrella projects in Africa conducted in 1992 for USAID’s Africa Bureau found that institution strengthening of local NGOs has not been the focus of many of these projects and has frequently been undervalued (Otto and Drabek, 1992), some, including those considered the most successful, are placing more and more emphasis and resources in building up the capabilities of local NGOs to increase their sustainability. Some of these projects, in fact, require that local NGOs be paired with US-based PVOs as a means of building the institutional capacities of the local organizations. Some umbrella projects, such as the Mali PVO Co-Financing Project, managed by Save the Children (U.S.), work with the country’s NGO umbrella organization (CCA-ONG). Institution-building activities of these projects include on-the-job and formal training in such areas as project design, project management, proposal writing, financial management, and technical aspects of project implementation. How much attention is given to the financial sustainability of NGOs in these projects, however, is not clear from the literature reviewed. Examples of umbrella projects working in the health sector that conduct institution-strengthening activities of local NGOs are:

- ▲ “The **Senegal PVO/NGO Support Project**, begun in 1991 and managed by the American PVO, New TransCentury Foundation, provides subgrants to established PVOs and NGOs and “micro-grants” to small regional and community-based NGOs in several development sectors, including primary health care and family planning. In addition to managing sub-

grants, this eight-year project provides considerable training and technical assistance to local NGOs and NGO associations to improve their capacity to plan, design, and implement sustainable development activities.

- ▲ “The nine-year **Services for Health, Agriculture, Rural and Enterprise Development (SHARED) Project in Malawi**, managed by World Learning, helps to strengthen the capacity of local NGOs through small institutional development grants, partnerships with U.S. PVOs, training, and technical assistance. Grants are also given to U.S.-based PVOs, which are required to provide significant institutional support to Malawian NGOs.
- ▲ “The **Mali PVO Co-Financing Project** provides grants to U.S. PVOs to work closely with local NGOs to improve their institutional capacities in the areas of child survival, natural resource management, and small enterprise development. As part of its efforts to strengthen local NGOs, the project created coordinating committees, called *groupes pivots* for each of the three sectors in which it works. The *groupes pivots*, which are made up of the “lead sector PVO,” local NGOs, and outside specialists, develop Strategic Action Plans for the PVOs and NGOs working within their sector.

“The Africa Bureau study of umbrella projects in Africa found common problems with these projects that limit their effectiveness. These problems include: 1) the lack of assessments of NGO capabilities before providing them with subgrants, and consequently over-estimating their capacity to expand their activities and to manage relatively high amounts of donor funding; 2) the lack of indicators to measure and evaluate institution building of NGOs; and 3) the pressure, in many cases, to spend money quickly and to produce rapid results, which can discourage the often slower process of institution-strengthening essential for the long-term, post-project sustainability of the local NGOs. Some of the newer umbrella projects are attempting to address these problems by increasing the length of the project (e.g., to 10 years or so), focusing more on building the capacities of local NGOs, and often fostering partnerships between U.S. PVOs and local NGOs.” (DeRoeck, p. 32-33).

Another way to work with multiple indigenous NGOs, other than through a U.S. PVO umbrella, is to work directly with an indigenous NGO intermediary. According to DeRoeck there are a growing number of national NGO coordinating bodies or umbrella organizations in developing countries, many of which have been created in recent years as a conduit for distributing financial and technical assistance by international donor agencies or through the encouragement of national governments. Stremlau (1987) defines NGO coordinating bodies (in contrast to informal NGO networks) as “formally constituted” institutions that have a board of directors or other formal representative structure, receive financial support from member organizations through membership dues, and have a paid staff and office. Stremlau distinguishes between “broad-based” intermediary groups, to which any NGO operating in the country can belong, and sector-specific bodies, which consist of agencies working in specific sectors, such as health. Examples of broad-based intermediary organizations are: the Comité de Coordination des Actions des Organisations Non-Gouvernementales (CCA-ONG) of Mali, the Centro Dominicano de Organizaciones de Interés Social (CEDOIS) in the Dominican Republic, PROCOSI in Bolivia, and the Haitian Association of Voluntary Agencies (HAVA). Examples of health sector-specific intermediary groups are: Voluntary Health Association of India (VHAI) and the Voluntary Health Services Society in Bangladesh. An important sub-set of sector-specific intermediary groups, especially in Africa, and amongst the oldest and most established, consists of church-run organizations, such as Christian Association of Malawi (CHAM), Church Medical Association of Zambia (CMAZ), and Christian Association of Ghana (CHAG).

These intermediary groups can provide useful mechanisms for channeling expertise to individual NGOs. For example, the Social Service National Coordinating Council (SSNCC) of Nepal, for instance, has technical and training divisions to help strengthen the management and technical capabilities of its member NGOs. PROCOSI in Bolivia, HAVA in Haiti and CEDOIS in the Dominican Republic all place a priority on providing training and technical assistance to members to increase their program effectiveness. Another common function of intermediary groups, which can strengthen NGO capabilities, is to exchange information, share experiences and discuss common problems. VHAI, for instance, co-sponsored a national workshop on health financing in the voluntary sector, during which findings from the Ford Foundation case studies cited in this review were discussed in length. VHAI also publishes the journal, *Health for the Millions*. (DeRoeck, pp. 24-26)

Donor/NGO Partnership Mechanism #3: Centrally-Funded Projects that Focus on Capacity-Building and Sustainability of NGOs and other Private Sector Organizations: While many technical assistance health and population projects are involved to some extent in capacity-building of indigenous NGOs, through collaboration on field activities, through grant programs, or through training activities, a smaller number of projects have improving the capacity and sustainability of local NGOs as their sole or major focus. These projects include:

- ▲ The Private Initiatives for Primary Health Care (**Initiatives**) Project, a five-year USAID-funded demonstration project which supports the development of private sector organizations that deliver health services to low-income populations. The project has provided technical assistance in strategic planning, the development of financial plans and projections, financial management and information system development, and other institution strengthening activities to NGOs and other private sector groups in Ghana, Nigeria, Ecuador, and Guatemala. In Nigeria, Initiatives is carrying out a NGO Sustainability Technical Assistance Program, which began with an assessment of the financial sustainability of 16 indigenous NGOs working in health and population, and now involves assisting 30 NGOs to enhance their capacity to be financially sustainable once donor support is withdrawn. Among Initiatives' research activities is a series of five case studies of relatively new private organizations, including two NGOs, that provide basic health services to low-income populations to examine the factors influencing the success and viability of these organizations. Initiatives will end in June 1997, and it is planned that the PHR Project will take over its mandate.
- ▲ The **Strategic Planning and Management for Francophone African NGOs**, a pilot project funded by the Economic Development Institute (EDI) of the World Bank that provides technical assistance and training, through regional workshops, in strategic planning to NGOs in Benin, Burkina Faso, Mali, and Niger. Senior African consultants are paired with more junior counterparts during training activities to increase the in-country training capacities.
- ▲ The USAID-funded **PROFIT** Project and its predecessor, the **Enterprise** Program, both aimed at increasing private sector participation in family planning, have helped NGOs providing family planning services to improve their managerial and technical capabilities and to achieve greater financial self-reliance and sustainability. Both projects have provided technical assistance to specific NGOs in strategic and business planning, marketing and fund-raising, the development of income-generating activities, and improving their technical services. In addition, these projects have produced materials to broaden general knowledge on sustainability and to assist indigenous organizations in planning ways to become more sustainable. The Enterprise Program produced the manual, *Achieving*

Financial Self-Reliance: A Manual for Managers of Non-Governmental Organizations, and the report, *Promoting NGO Sustainability: The Lessons of Enterprise*. PROFIT has conducted assessments of sustainability of NGOs in specific countries, and produced the manual, *Endowments as a Tool for Financial Sustainability: A Manual for NGOs*.

- ▲ The **Transition Project** is a five-year project aimed at making selected International Planned Parenthood Federation-affiliated family planning NGOs in Latin America and the Caribbean that are currently receiving financial assistance from USAID self-sufficient within the life of the project. The project has developed a framework to evaluate sustainability, and publishes a newsletter, “Sustainability Matters” that describes the project’s sustainability-related activities.
- ▲ Several USAID-funded projects that are aimed primarily at improving the capabilities and sustainability of U.S.-based PVOs, also assist indigenous NGOs. The USAID-funded **PVO/PIP**, for instance, which is aimed at increasing the collaboration between USAID, U.S.-based PVOs and local NGOs in more than 20 sub-Saharan African countries, provides assistance to indigenous NGOs to increase their technical and institutional capabilities. PIP also has developed several case studies and research papers on NGOs, including the study of African PVO/NGO umbrella projects referred to above. The **Global Excellence in Management (GEM) Initiative**, funded by the USAID Office of Private and Voluntary Cooperation (PVC) provides training in institutional analysis and organization development to developing country NGOs, as well as to U.S. PVOs. And although the **Sustainable Development Services (SDS) Project**, also funded by USAID’s PVC Office, targets U.S. PVOs that provide health, nutrition, and family planning services, its work to assist PVOs in strategic planning to achieve greater sustainability and its development of sustainability tools (e.g., case studies, planning frameworks, and guidelines) will also be helpful to their local affiliates.

Donor/NGO Partnership Mechanism #4: Sectoral Projects with NGO Participation: According to DeRoeck, “Many bilateral development projects involve the participation, and presumably capacity-building of indigenous NGOs. One USAID example is the Bangladesh Family Planning and Health Services Project, which supports both indigenous NGOs and PVOs that provide family planning services. The World Bank has also increasingly involved indigenous NGOs in its development projects; by FY 1994, 50 percent of the projects approved by the Bank’s Board involved NGO participation in their design” (p. 34).